



PIXLEY KA SEME LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

A handwritten signature in black ink, appearing to read "W.M. Mngomezulu".

I am responsible for the preparation of these annual financial statements, which are set out on page 1 to 36, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the frameworks envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in black ink, appearing to read "W.M. Mngomezulu".

WJM MNGOMEZULU
MUNICIPAL MANAGER

A handwritten signature in black ink, appearing to read "30/06/10".

DATE

NATIONAL TREASURY	
Local Government	
RECEIVED	
Date:	2010-10-01
Received by:	



PIXLEY KA SEME LOCAL MUNICIPALITY

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PIXLEY KA SEME MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010	2009
		R	R
NET ASSETS AND LIABILITIES			
Net Assets		210,510,369	218,759,311
Housing Development Fund		-	-
Capital Replacement Reserve		19,340,102	19,340,102
Capitalisation Reserve		35,324,360	35,324,360
Government Grant Reserve		37,639,081	37,639,081
Revaluation Reserve		52,076,404	52,076,404
Employee Benefit Reserve		680,324	1,324,727
Depreciation Reserve		26,691,464	26,691,464
Accumulated Surplus/(Deficit)		38,758,635	46,363,173
Non-current Liabilities			
Long-term Liabilities	1	-	18,747
Non-current Provisions		-	-
Current Liabilities			
Consumer Deposits	2	4,322,356	8,457,716
Provisions	3.1	503,224	503,224
Creditors	3	23,540,279	21,041,656
Conditional Grants and Receipts	4	7,134,077	15,140,106
VAT	5	13,503,050	10,632,355
Short-term Loans			-
Current Portion of Long-term Liabilities			-
Total Net Assets and Liabilities		259,513,354	274,515,619
ASSETS			
Non-current assets		184,719,876	200,692,269
Property, Plant and Equipment	6	183,923,581	199,916,142
Investment Property		716,959	716,959
Long-term Receivables	8	79,336	59,167
Current Assets		102,915,602	98,394,986
Inventory	9	468,140	6,163,075
Consumer Debtors	10	42,883,193	16,332,635
Other Debtors	11	15,121,448	12,116,308
Current Portion of Long-term debtors	8	-	-
Bank Balances and Cash	12	44,442,820	63,782,969
Total Assets		287,635,478	299,087,255



PIXLEY KA SEME LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

BUDGET		REVENUE	ACTUAL	
2009	2010		2010	2009
R	R	R	R	R
10,868,500	13,101,600	Assessment Rates	13	10,992,957
34,322,686	44,003,278	Service Charges	14	49,925,814
518,000	454,236	Fines		191,969
42,256,434	53,836,000	Government Grants and Subsidies	15	53,836,664
7,914,491	8,880,000	Interest		8,046,629
480,000	481,820	Rental Income		273,652
34,750,464	31,936,339	Other Income	16	3,180,270
131,111,075	152,693,273	Total Revenue		126,639,925
				99,571,686
EXPENDITURE				
42,992,389	50,535,160	Employee Related Cost	17	49,983,196
5,346,532	5,090,466	Remuneration of Councillors	18	7,047,073
12,403,807	12,470,057	Depreciation	6	-
10,869,076	12,925,062	Repairs and Maintenance		7,770,342
11,360,000	15,294,767	Bulk Purchases	20	18,888,743
24,963,424	19,250,228	General Expenses		26,496,365
21,200,000	36,150,000	Contributions		270,710
3,400,000		Bad Debts		0
132,535,228	151,715,740	GROSS EXPENDITURE		109,456,429
132,535,228	151,715,740	NET EXPENSES		93,047,881
(1,424,153)	(553,959)	NET SURPLUS / (DEFICIT) FOR THE YEAR		17,183,496
				6,105,535



PIXLEY KA SEME LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Capital Replacement Reserve R	Employee Benefit Fund R	Capitalization Reserve R	Government Grants Reserve R	Revaluation Reserve R	Accumulated Surplus / (Deficit) R	TOTAL R
Balance -1 July 2009	8,873,039	-	35,324,360	67,499,812	52,076,404	58,731,163	222,504,778
Change in accounting policy	10,467,063	1,324,727		(11,791,790)			
Restated Balance	19,340,102	1,324,727	35,324,360	55,708,022	52,076,404	58,731,163	222,504,778
Net Surplus (Deficit) for the year						6,105,535	6,105,535
Assets written-off	-	-	-	-	-	-	-
Property, Plant and Equipment	-	-	-	(18,068,941)	-	-	(18,068,941)
Capital Grants used to Purchase PPE	-	-	-	-	-	-	-
Off-setting of Depreciation	-	-	=	-	-	8,217,939	8,217,939
Balance: 30 June 2009	19,340,102	1,324,727	35,324,360	37,639,081	52,076,404	73,054,637	218,759,311
Correction of accumulated depreciation							
Balance correction adjustments							
Restated Balance	19,340,102	1,324,727	35,324,360	37,639,081	52,076,404	73,054,637	218,759,311
Net Surplus (Deficit) for the year		(644,403)				(7,604,539)	(8,248,942)
Assets written-off							
Property, Plant and Equipment							
Capital Grants used to Purchase PPE							
Off-setting of Depreciation							
Balance: 30 June 2010	19,340,102	680,324	35,324,360	37,639,081	52,076,404	65,450,099	210,510,369



PIXLEY KA SEME LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

		2010	2000
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		114,755,435	83,388,206
Cash paid to suppliers and employees		(102,094,353)	(76,662,459)
Cash generated from operations	22	3,645,891	2,596,641
Interest received		8,046,629	13,168,570
Net cash from operating activities		23,543,602	22,490,958
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18,777,737)	(19,411,511)
(Increase)/Decrease in Investments		(1,426,472)	(290,362)
Assets written back		-	-
(Increase)/Decrease in current portion of long term receivables		-	-
(Increase)/Decrease in long term receivables		79,334	59,167
Net cash from investing activities		(20,124,875)	(19,642,706)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in consumer deposits		20,817	180,918
Increase in VAT		4,496,189	971,459
Increase in provisions		(1,485,000)	3,647,113
Increase/(Decrease) in other capital receipts		-	-
Net cash from financing activities		3,032,006	4,799,490
Net increase/(Decrease) in cash and cash equivalents	23	6,450,733	7,647,742
Cash and Cash equivalents at the beginning of the year		9,867,510	18,822,592
Cash and Cash equivalents at the end of the year	12	2,136,689	9,867,510



PIXLEY KA SEME LOCAL MUNICIPALITY

MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

The standards are summarized as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GRAP 7	Accounting for Investments in Associates
GRAP 8	Financial Reporting of Interests in Joint Ventures
GRAP 9	Revenue
GRAP 12	Inventories
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Asset
GRAP 6,7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These Accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

5. RESERVES

Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied



in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

5.1 CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account.

The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 CAPITALISATION RESERVE

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/deficit in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.3 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the government grant reserve relating to such item is transferred to the emulated surplus/deficit.



5.4 REVALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal based on revalued amounts are credited or charged to the statement of financial performance.

6. PROPERTY, PLANT AND EQUIPMENT

The Municipality has taken the advantage of the transitional provision in GRAP 17 paragraph 86.

An item of property, plant and equipment, which qualifies for recognition, as an asset shall initially be measured at cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment includes the estimated cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The useful life of an item of property plant and equipment is reviewed periodically and if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods shall be adjusted. The estimated useful lives and the depreciation methods was not reviewed in the previous and current financial years as required by GRAP 17 as these requirements have been exempted in terms of General Notice 552 of 2007.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss which is recognised as an expense in the period that the impairment is identified.

Impairment

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it should be written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. The municipality should assess at **each reporting date** whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred. However, for the previous and current year under review, the municipality did not perform impairment testing on its assets as required by GRAP 17 and IAS 36/AC128, as these requirements have been exempted in terms of General Notice 552 of 2007.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives;



INFRASTRUCTURE	YEARS	OTHER	YEARS
Roads and paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	2030	Other vehicles	5
Water	1520	Office equipment	37
		Furniture and fittings	710
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and equipment	1015
Buildings	30	Other items of plant and equipment	25
Recreational facilities	2030	Landfill sites	15
Security	5		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial performance.

The municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see accounting policy 13 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

7. REVALUTATION OF LAND AND BUILDINGS

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses on the buildings.

8. FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sales. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Where investments have been impaired in accordance with IAS39, 5870, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

8.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months. These are classified as non-current assets. Loans and receivables are recognised as "trade and other



receivables" in the statement of financial position. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

8.2 Financial Liabilities

Financial liabilities are recognised initially at cost, which represents fair value. After initial

recognition financial liabilities are measured at amortised cost using the effective interest rate.

8.3 Gains and losses

Gains and losses arising from changes in financial or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is de-recognised or impaired through the amortisation process.

8.4 Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

9. INVENTORIES

Consumable stores, raw materials, work in progress, unused water and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first in first out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable value.

10. ACCOUNTS RECEIVABLE

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

11. TRADE CREDITORS

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost



using the effective interest method.

Measurement

Financial Instruments are in the current and prior years recognised and measured at cost. The requirement of IAS 39.43, AG 64, AG 79 and SAICA Circular 9 that financial instruments should initially be measured at fair value has been exempted in terms of General Notice 552 of 2007.

12. REVENUE RECOGNITION

Revenue for the current and prior financial year was initially recognised at cost. The requirement of GAMAP 9.12 and SAICA circular 9/06 that the initial measurement of revenue be recognised at fair value through discounting all future receipts using an imputed rate of return have been exempted in term of General Notice 552 of 2007.

12.1 Revenue Transactions

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service:

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- ❖ The amount of revenue can be measured reliably
- ❖ It is probable that the economic benefits or services potential associated with the transaction will flow to the entity.
- ❖ The stage of completion of the transaction at the reporting date can be measured reliably, and
- ❖ The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariff or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.

Sale of goods:

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:



- ❖ The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods
- ❖ The entity retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold
- ❖ The amount of revenue can be measured reliably
- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and
- ❖ The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rates including collection charges and penalty interest.

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- ❖ The amount of revenue can be measured reliably
- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and
- ❖ There has been compliance with the relevant legal requirements.

Service Charges

Flat rate service charges and consumption based service charges shall be recognised when:

- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- ❖ The amount of the revenue can be measured reliably.

Fines

Revenue from the issuing of fines shall be recognise when:

- ❖ It is probable that the economic benefits or service potential associated with transaction will flow to the municipality and
- ❖ The amount of the revenue can be measured reliably

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.



Government grants are recognised as revenue when:

- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- ❖ The amount of the revenue can be measured reliably and
- ❖ To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received:

Other grants and donations shall be recognised as revenue when:

- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and
- ❖ The amount of the revenue can be measured reliably, and
- ❖ To the extent that there has been compliance with any restrictions associated with the grant.

Levies:

Levies shall be recognised as revenue when:

- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- ❖ The amount of the revenue can be measured reliably.

Interest, royalties and dividends:

Revenue arising from the use of assets by others of the municipal assets yielding interest royalties and dividends shall be recognised when:

- ❖ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- ❖ The amount of the revenue can be measured reliably.

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Royalties shall be recognised as they are earned in accordance with the substance of the relevant agreement, and

Dividends on their equivalents shall be recognised when the shareholder's right to receive payment is established.



Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Noncurrent provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

14. CASH AND EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are shortterm highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been



avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. COMPARATIVE INFORMATION

18.1 CURRENT YEAR COMPARITIVES

Budgeted amounts have been included in the annual financial statements for the current financial year only.

18.2 PRIOR YEAR COMPARITIVES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

19. INVESTMENT PROPERTIES

Investment properties, which are properties held to earn rental revenue or for capital appreciation, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is 30 years.

20. RETIREMENT BENEFITS

(i) Defined contribution plans:

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

(ii) Post employment medical care benefits:

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employee remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment.

21. EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date.

Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

22. LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risk and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

23. CONTRIBUTIONS

Contributions reflected in the statement of financial performance consist of contributions to the leave reserve fund, working capital reserve (Provision for bad debts) and contribution towards the accounts of the indigent consumers in the municipal area.



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1	LONG TERM LIABILITIES	2010	2009
	Local Registered Stock	-	-
	Less: Current portion transferred to current liabilities	-	-
	TOTAL EXTERNAL LOANS	-	-
	Refer to Appendix A for more detail on long term liabilities		
2	CONSUMER DEPOSITS		
	Electricity and Water	1,697,231	1,676,414
	Total Deposits	1,697,231	1,676,414
	Guarantees in lieu of electricity and water deposits		
3	CREDITORS		
	Trade Creditors	6,660,873	3,459,386
	Payment received in advance	0	0
	Staff leave	680,324	1,324,727
	Other Creditors	3224149	7,774,738
	TOTAL CREDITORS	10565346	12,558,851
3.1	PROVISION PERFORMANCE BONUS	503,224	503,224
4	CONDITIONAL GRANTS AND RECEIPTS		
	Local Government Support Grant	106,765	138,379
	Provincial and LED Projects	-	-
	Department of Water Affairs and Forestry	85,101	85,101
	Gert Sibande District Municipality	674	674
	MIG Grants	6,324,966	2,159,381
	Draught Relief	(7,710)	36,503
	Financial Management Grant	-	92,394
	MSIG	-	0
	Library Grant	58,767	2,071
	Extended Public Works Programme	10,848,555	-
	TOTAL UNSPENT CONDITIONAL GRANTS AND RECEIPTS	17,417,118	2,514,503
5	VAT		
	VAT payable/(claimable)	11,504,212	7,008,023
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS		



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

6. PROPERTY, PLANT AND EQUIPMENT 30 June 2010

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Carrying values at 1 July 2009	14,738,100	157,041,249	19,913,857	52,610,214	254,303,420
Cost	14,738,100	157,041,249	19,913,867	52,610,214	254,303,420
Correction of error	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Acquisitions	2,016,699	14,717,292	-	2,043,746	18,777,737
Depreciation -based on cost	-	-	-	-	-
	16,754,799	171,758,541	19,913,857	54,653,960	273,081,157
Carry values at 30 June 2010	16,754,699	171,758,541	19,913,857	54,653,960	273,081,157
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-

30 June 2009

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Carrying values at 1 July 2008	14,738,100	110,421,625	15,776,222	28,105,647	169,041,594
Cost	14,738,100	151,471,231	19,895,808	48,786,770	234,891,909
Correction of error	-	-	-	-	-
Accumulated depreciation	-	(41,049,606)	(4,119,586)	(20,681,123)	(65,850,315)
Acquisitions	-	15,570,018	18,049	3,823,444	19,411,511
Depreciation -based on cost	(3,190,639)	(3,837,200)	(655,658)	(2,561,167)	(10,244,665)
Carry values at 30 June 2009	7,527,916	126,173,988	15,138,613	29,357,924	112,358,125
Cost	14,738,100	167,041,249	19,913,857	52,610,214	188,453,105
Accumulated depreciation	(7,210,184)	(40,867,261)	(4,775,244)	(23,242,290)	(76,094,980)



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
7	INVESTMENTS		
	Financial Instruments		
	Unit Trust – Old Mutual	295,528	248,858
	Fixed Deposits	38,307,556	36,622,211
	<u>Less:</u> Provision for doubtful investment	(716,959)	(716,959)
	TOTAL INVESTMENTS	37,886,125	36,154,110
	Capital to the amount of R716 959.42 is still invested with New Republic Bank. It seems that this amount will be paid to Council over time. It is doubtful whether the interest will be paid.		
	Allocation of external investments		
	In terms of legislation, surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:		
	Bursary Loans Fund	-	-
	Reserve Funds	680,324	1,324,727
	Asset Financing Reserve	8,873,039	8,873,039
	Capital Grants	-	-
	General Fund	28,332,762	25,956,344
	TOTAL INVESTMENTS	37,886,125	36,154,110
8	LONG TERM RECEIVABLES		
	Advance Bowling Club	64,634	64,634
	Advance Golf Club	-	-
		64,634	64,634
	<u>Less: Current portion transferred to current receivables</u>		
	Advance Bowling Club	48,622	42,178
	Advance Golf Club	-	-
	Loans	-	-
	TOTAL	16,012	22,456
8.1	ADVANCES SPORT CLUBS		
	The loans were granted to the Bowling and Golf Club to erect club facilities. An interest rate of 5% is charged on outstanding balance and the loan will be repaid within the next three years.		
	INVENTORY		
	Consumable stores	364,451	1,220,432
	Water – at cost	103,689	729,708
	TOTAL	468,140	1,953,140



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10	CONSUMER DEBTORS			
	As at 30 June 2010	Gross Balances	Provision for Bad Debts	Net Balance
	Service debtors			
	Rates	16,978,320	4,187,954	12,733,740
	Electricity	11,628,133	1,165,652	8,721,100
	Water	17,237,339	4,220,943	12,928,005
	Sewerage	13,733,000	3,425,796	10,299,750
	Refuse	7,659,352	1,912,204	5,744,514
	Loan Debtors	63,324	-	63,324
	Sundries	6,828,963	1,704,228	5,121,723
	VAT	136	-	136
	Less: Unallocated deposits	-	-	-
	TOTAL	74,128,567	16,616,777	55,612,292
	As at 30 June 2009			
	Rates	13,996,315	9,004,322	4,991,993
	Electricity	4,888,530	1,633,621	3,254,909
	Water	13,663,212	8,634,028	5,029,184
	Sewerage	11,032,552	6,956,721	4,075,888
	Refuse	6,736,609	4,249,557	2,487,052
	Loan Debtors	61,708	61,708	61,708
	Sundries	6,435,165	4,632,228	1,802,937
	Less: Unallocated deposits	136	-	136
	TOTAL	56,814,229	35,172,183	21,642,046
			2010	2009
	Rates: Ageing			
	Current (0 -30 days)		735,554	965,089
	31 -60 days		627,897	517,509
	61 -90 days		512,073	382,080
	91 -120 days		473,995	441,392
	121 + days		14,628,801	11,564,371
	TOTAL		16,978,320	13,996,315
	(Electricity, Water and Sewerage): Ageing			
	Current (0 -30 days)		2,949,896	3,532,604
	31 -60 days		2,574,570	1,778,305
	61 -90 days		2,735,354	1,409,502
	91 -120 days		2,105,424	1,335,006
	121 + days		32,233,228	27,296,900
	TOTAL		42,598,472	35,352,317



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Summary of Debtors by Customer Classification				
	As at 30 June 2010	Residential	Industrial / Commercial	National and Provincial Government
Current (0 -30 days)	3,647,427	280,761	1,189,768	
31 -60 days	2,485,525	288,516	841,056	
61 -90 days	2,687,875	183,807	714,771	
91 + days	52,347,557	4,545,641	4,915,863	
Sub -total	61,168,384	5,298,725	7,661,458	
Less: Provision for bad debts	15,292,096	1,324,681		-
Less: Unallocated deposits				
Total debtors by customer classification	45,876,288	3,974,044	7,661,458	
Current (0 -30 days)	3,596,969	235,796	520,005	
31 -60 days	1,887,190	281,192	122,731	
61 -90 days	1,391,274	188,372	111,743	
91 + days	42,535,627	2,830,301	1,046,496	
Sub -total	49,411,060	3,535,661	1,800,975	
Less: Provision for bad debts	33,049,458	2,122,725		-
Less: Unallocated deposits	-	-		-
Total debtors by customer classification	16,361,602	1,412,936	1,800,975	
		2010	2009	
11 OTHER DEBTORS				
Payments made in advance		-	616,964	
Loans Debtors		-	-	
ESKOM Deposit		30,638	54,084	
Insurance Claims		(311,645)	45,163	
Subsidies		-	-	
Sundry debtors		614,675	54,083	
TOTAL		333,668	733,710	
12 CASH AND CASH EQUIVALENTS				
The Municipality has the following bank accounts:-				
Current Account (Primary Bank Account) First National Bank -Volksrust Branch Account Number: 541 800 100 25				
Cash book balance at beginning of year		2,432,905	(1,378,189)	
Cash book balance at end of year		(433,999)	2,432,905	



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
	Bank statement balance at beginning of year	7,446,349	2,953,753
	Bank statement balance at end of year	2,558,973	2,432,905
	CASH FLOAT		
	Balance at beginning of year	1,700	1,700
	Balance at end of year	1,700	1,700
	MONEY MARKET (FNB)	10,015	5,000,000
	TOTAL CASH AND CASH EQUIVALENTS	(422,284)	7,434,603
13	ASSESSMENT RATES		
	Total Assessment Rates	10,992,957	9,618,986
	Valuation	R000's	R000's
	Non-ratable	8,358,960	8,358,960
	Residential	268,233,602	268,233,602
	Commercial	99,742,400	99,748,400
	State	20,887,800	20,887,800
	Municipal	24,692,300	24,692,300
	TOTAL PROPERTY VALUATIONS	421,921,062	421,921,062
	Valuations on Land and Buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on a regular basis.		
14	SERVICE CHARGES		
	Sale of Electricity	26,219,728	14,780,131
	Sale of Water	10,106,702	8,168,393
	Refuse Removal	9,292,146	5,491,088
	Sewerage and Sanitation Charges	7,896,927	8,475,513
	Amortised cost adjustment		-
	TOTAL SERVICE CHARGES	53,515,503	36,936,125
15	GOVERNMENT GRANTS AND SUBSIDIES		
	Equitable share	53,536,664	40,858,000
	Local Government Support Grant	106,765	138,380
	MIG Grant	17,310,000	12,578,000
	Draught Relief	-	1,000,000
	MSIG	735,000	735,000
	FMG	750,000	250,000
	EPWP	10,848,555	
	Library Grant	300,000	250,000
	TOTAL GOVERNMENT GRANT AND SUBSIDIES	83,586,984	55,559,380



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
15.1	EQUITABLE SHARE		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
15.2	LOCAL GOVERNMENT SUPPORT GRANT		
	Balance unspent at beginning of year	138,380	138,380
	Current year receipts	-	-
	Conditions met transferred to revenue	(31,615)	-
	CONDITIONS STILL TO BE MET	106,765	138,380
	Local Government Support Grant were given to Municipality's to use during the transitional period.		
15.3	MIG GRANTS		
	Balance 1/7/2008	2,159,382	(741,002)
	Amount received	-	2,707,827
	Current year receipts	17,310,000	12,578,000
	Conditions met Transferred to Revenue	(12,862,373)	(12,385,443)
	PMU Expenditure	(282,043)	-
	Conditions still to be met	6,324,966	2,159,382
	Infrastructure Grant mainly for water and sanitation projects		
15.4	DWAF GRANT		
	Balance unspent at beginning of year	85,101	85,101
	Current year receipts	-	-
	Conditions met transferred to revenue	-	-
	CONDITIONS STILL TO BE MET	85,101	85,101
	This grant was used for the installation of water reticulation and to construct bulk supply of water to Daggakraal. Other than the unspent amount, the conditions of the grant have been met.		
15.5	DRAUGHT RELIEF		
	Balance 1/7/2008	36,503	(8,523)
	Current year receipts	1,000,000	1,000,000
	Conditions met	(44,213)	(954,973)
	Conditions still to met	(7,710)	36,503
15.6	MUNICIPAL SYSTEMS IMPROVEMENT GRANT		
	Balance 1/7/2008	-	878,082
	Amount received	-	367,000
	Current year receipts	735,000	735,000
	Conditions met	(735,000)	(1,980,082)
15.7	FINANCIAL MANAGEMENT GRANT		
	Balance 1/7/2008	92,394	1,279,204
	Current year receipts	750,000	250,000
	Conditions met	(842,394)	(1,436,810)
	Conditions still to met	-	92,394

15.8	Library Grant		
	Balance 1/7/2008	2,071	-
	Current year receipts	300,000	250,000
	Conditions met	(243,304)	(247,929)
	Conditions still to be met	58,767	2,071
15.9	GERT SIBANDE DISTRICT MUNICIPALITY GRANTS		
	Balance unspent at beginning of year	674	6 74
	Current year receipts	-	-
	Conditions met transferred to revenue	-	-
	CONDITIONS STILL TO BE MET	674	6 74
15.1 0	EXTENDED PUBLIC WORKS PROGRAMME		
	Current year receipts	10,848,555	-
	Conditions met	-	-
	Conditions still to be met	10,848,555	-



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
16	OTHER INCOME		
	Other Income	3,033,008	6,456,474
	TOTAL OTHER INCOME	3,033,008	6,456,474
17	EMPLOYEE RELATED COSTS		
	Employee related costs - Salaries and wages	34,161,913	25,559,390
	Employee related costs - Contr. for UIF, pens. and medical aids	8,452,672	6,497,554
	Travel, motor car, accomm., subsistence and other allowances	1,356,562	868,309
	Housing benefits and allowances	142,471	149,534
	Overtime payments and standby	3,665,690	2,349,696
	Bonus	2,100,295	1,750,557
	Long-service awards		
	Less: Employee costs unauthorized to Property, Plant and Equip		
	Less: Employee costs include in other expenses		
	TOTAL EMPLOYEE RELATED COSTS	49,879,603	37,175,040
	There were no advances to employees		
	REMUNERATION OF THE MUNICIPAL MANAGER		
	Annual Remuneration	1,117,920	782,215
	Performance Bonuses	-	-
	TOTAL	1,117,920	782,215
	REMUNERATION OF THE CHIEF FINANCE OFFICER		
	Annual Remuneration	760,970	567,280
	Performance Bonuses	-	-
	TOTAL	760,970	567,280



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

REMUNERATION OF INDIVIDUAL DIRECTORS					
	30 June 2010	PLANNING AND ECONOMIC DEVELOPMENT	TECHNICAL SERVICES	CORPORATE SERVICES	COMMUNITY AND PUBLIC SAFETY SERVICES
	Annual Remuneration	709,738	709,738	709,738	709,738
	Performance Bonuses	-	-	-	-
	TOTAL	709,738	709,738	709,738	709,738
	30 June 2009				
	Annual Remuneration	723,717	648,806	605,419	659,928
	Performance Bonuses	-	-	-	-
	TOTAL	723,717	648,806	605,419	659,928
				2010	2009
18	REMUNERATION OF COUNCILLORS				
	Mayor			551,128	535,015
	Deputy Mayor			-	-
	Speaker			449,711	493,255
	Mayoral Committee Members			1,201,027	984,307
	Councillors			2,857,255	2,610,982
	TOTAL COUNCILLOR'S REMUNERATION			5,059,121	4,623,559
	In-kind Benefits				
	The Mayor uses Council's vehicle for official purposes. The Executive Mayor, full time Speaker and full time members of the Mayoral Committee are provided with offices and Secretarial support at the cost of Council. All Councillors belong to a pension fund and some are members of a medical aid.				
19	GENERAL EXPENDITURE				
	General expenses -other: as per appendix E(1)			21,583,865	15,699,280
	Contracted services: as per appendix E(1)			2,849,018	1,575,156
	Subtotal			24,432,883	17,274,436
	Less Contributions as per Statement of Finan.Performance			(270,710)	(1,575,156)
	General expenses as per Statement of Finan.Performance			20,722,040	15,699,280
20	BULK PURCHASES				
	Electricity			18,821,621	11,971,945
	Water			67,122	82,161
	TOTAL BULK PURCHASES			18,888,743	12,054,106



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
21	CASH GENERATED BY OPERATIONS		
	Net surplus (deficit) for the year	17,035,819	6,105,535
	Adjustments for:		
	Offsetting of Depreciation		-
	Capital Adjustment CRR		-
	Capital from CRR		-
	Capital Grants used to purchase PPE	8,873,039	8,873,039
	Other appropriations		-
	Interest Received	8,046,629	13,168,570
	Operating surplus before working capital changes		
	(Increase)/Decrease in inventories	(1,485,000)	(773,868)
	(Increase)/Decrease in debtors	(17,314,338)	(15,429,532)
	(Increase)/Decrease in other debtors		-
	Increase/(Decrease) in reserves	(8,248,942)	(3,745,467)
	Increase/(Decrease) in creditors	(9,884,350)	6,243,757
	(Increase)/Decrease in other capital receipts	-	-
	Increase in provisions	-	-
	Transfers to accumulated depreciation	-	10,244,665
	Increase/(Decrease) in current proportion of non-current	-	-
	loans	-	-
	Increase/(Decrease) in statutory funds	-	-
	CASH GENERATED BY OPERATIONS	(2,977,143)	24,686,699
22	CASH AND CASH EQUIVALENTS		
	Balance at the end of the year	(422,284)	7,434,603
	Balance at the beginning of the year	7,434,603	18,822,592
	Net increase / (decrease) in cash or cash equivalents	7,012,319	26,257,195
23	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
	Contributions to SALGA		
	Opening balance	-	-
	Council subscriptions	214,741	147,228
	Amount paid current year	(214,741)	(147,228)
	Amount paid previous year	-	-
	TOTAL	-	-



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
	Audit fees		
	Opening balance -		
	Current year	2,186,970	496,997
	Amount paid current year	(2,186,970)	(496,997)
	Amount paid previous year		
	TOTAL	-	-
	VAT		
	VAT inputs receivable and VAT outputs receivable are shown in notes 5 and 10 respectively. All VAT returns have been submitted by the due date throughout the year.		
	PAYE and UIF		
	Opening balance		-
	Current year payroll deductions	7,181,351	4,205,662
	Amount paid	(7,181,351)	(4,205,662)
	Amount paid previous year		-
	BALANCE UNPAID		
24	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure		
	Approved and contracted for:	8,096,801	2,500,000
	- Infrastructure	7,096,801	2,500,000
	- Community		-
	- Other	1,000,000	-
	Approved but not yet contracted for:	42,456,000	38,206,000
	- Infrastructure	33,896,000	32,541,000
	- Community		-
	- Other	8,560,000	5,665,000
	TOTAL		
	This expenditure will be financed from:		
	- Asset Financing Reserves	20,360,000	17,526,000
	- Gert Sibande District Municipality		-
	- Government Grants	22,096,000	20,680,000
	TOTAL	42,456,000	38,206,000



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

25	RETIREMENT BENEFIT INFORMATION		
	The Councillors and Employees belong to the following pension funds:		
	1. Joint Municipal Pension Fund (Closed)	A pension is paid on retirement	
	2. Municipal Gratuity Fund	Council's and employee's are paid out on resignation or retirement	
	3. SALA Pension Fund	A pension is paid on retirement	
	4. Municipal Pension Fund	A pension is paid on retirement	
	5. Councillor Pension Fund	A pension is paid on retirement	
	6. Council's contributions are a benefit to the members and cannot be refunded to Council.		
	7. Council contributed an amount of <u>R 3 371 401</u> to employees and Councillors pension funds respectively during the 2008 / 2009 financial year.		
	"NO OBLIGATION BY COUNCIL IF FUND CANNOT PAY"		
		2010	2009
26	CONTINGENT LIABILITY		
	Department of Water Affairs and Forestry	25,763,764	-
	Misappropriation of funds:		
	- JF Buthelezi	1,358,730	
	- L Ndada	11,030	
		-	-
		-	-
		-	-
		-	-
27	RELATED PARTY DISCLOSURE	-	-
		-	-
		-	-
		-	-
		-	-
28	FUTURE OPERATING LEASE COMMITMENTS	-	-
	Payable in the following year	536,624	322,034
	Payable between 2 -5 years	320,283	966,102
	Total future commitments	856,907	1,288,136
30	RISK MANAGEMENT AND RISK EXPOSURE	-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-



PIXLEY KA SEME LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010



PIXLEY KA SEME LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE	BALANCE AT 30-Jun-10	RECEIVED DURING THE PERIOD	REDEEMED WRITTEN OFF DURING THE YEAR	BALANCE AT 30-Jun-10	CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT	OTHER COSTS IN ACCORDANCE WITH MFMA
LONG TERM LOANS			0	0	0	0	0	0
			-	-	-	-	-	-



PIXLEY KA SEME LOCAL MUNICIPALITY
APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2010

	COST				ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions
	Opening Balance	Additions	Disposals/ Transfers	Closing Balance R	Opening Balance	Additions	Disposals	Closing Balance R		
Land and Buildings	14,738,100	2,016,699	-	16,754,799	7,210,184	-	-	7,210,184		
Land	5,664,600	-	-	5,664,600	-	-	-	-		
Buildings	8,873,500	2,016,699	-	10,890,199	-	-	-	-		
INFRASTRUCTURE	157,041,249	14,717,292	-	171,758,541	40,867,261	-	-	40,867,261		
Cemetery	40,138	-	-	40,138	40,138	-	-	40,138		
Library	3	-	-	3	-	-	-	-		
Community Services	-50,051	-	-	-50,051	7,691	-	-	7,691		
Licences	525,846	-	-	525,846	14,612	-	-	14,612		
Building and Property	634,744	-	-	634,744	38,770	-	-	38,770		
Public Works	18,443,729	4,441,684	-	22,885,413	5,613,031	-	-	5,613,031		
Refuse	147,000	-	-	147,000	91,653	-	-	91,653		
Sewerage	35,089,907	8,220,867	-	43,309,774	8,113,831	-	-	8,113,831		
Electricity	71,822,565	-	-	71,822,565	17,322,695	-	-	17,322,695		
Water	40,187,266	2,054,741	-	42,242,007	9,626,840	-	-	9,626,840		
COMMUNITY ASSETS	19,913,857	-	-	19,913,857	4,775,244	-	-	4,775,244		
Cemetery	-	-	-	-	-	-	-	-		
Clinic Services	4,737	-	-	-	4,737	-	-	4,737		
Library	258,265	-	-	-	115,085	-	-	115,085		
Building and Property	9,645,541	-	-	-	1,768,863	-	-	1,768,863		
Public Works	56,015	-	-	-	33,609	-	-	33,609		
Parks and Recreation	792,303	-	-	-	195,070	-	-	195,070		
Swimming Pool Facilities	222,220	-	-	-	96,210	-	-	96,210		
Mechanical Workshop	36,486	-	-	-	19,460	-	-	19,460		
Water	8,898,290	-	-	-	1,886,552	-	-	1,886,552		
OTHER ASSETS	52,610,214	2,043,746	-	54,653,960	20,681,123	-	-	20,681,123		
Cemetery	106,257	-	-	106,257	101,892	-	-	101,892		
Community Services	124,574	-	-	124,574	108,217	-	-	108,217		
Library	104,574	-	-	104,574	101,535	-	-	101,535		
Fire Brigade	1407,236	-	-	1407,236	1,302,438	-	-	1,302,438		
Disaster Management	22,071	-	-	22,071	5,649	-	-	5,649		
Clinic Services	11,874	-	-	11,874	11,874	-	-	11,874		
Licences	818,020	-	-	818,020	353,923	-	-	353,923		
Building and Property	24,614,637	91,798	-	24,706,435	2,391,747	-	-	2,391,747		
Public Works	10,013,906	965,000	-	10,978,906	5,421,857	-	-	5,421,857		
Parks and Recreation	1,482,861	276,077	-	1,758,938	1,115,198	-	-	1,115,198		
Council's General Account	2,098,029	182,586	-	2,280,615	1,113,895	-	-	1,113,895		
Refuse	1,960,455	-	-	1,960,455	1,492,772	-	-	1,492,772		
Sewerage	510,503	-	-	510,503	486,566	-	-	486,566		
Municipal Manager	271,725	-	-	271,725	249,104	-	-	249,104		
Corporate Services	1,053,036	-	-	1,053,036	972,182	-	-	972,182		
Financial Services	1,517,226	-	-	1,517,226	1,469,574	-	-	1,469,574		
Stores and Material	21,329	-	-	21,329	21,321	-	-	21,321		
Technical Services	468,686	152,581	-	621,267	396,504	-	-	396,504		
Town Hall	197,691	-	-	197,691	192,950	-	-	192,950		
Swimming Pool Facilities	6	-	-	6	-	-	-	-		
Traffic Protection Services	1,100,914	-	-	1,100,914	692,943	-	-	692,943		
Mechanical Workshop	325,420	-	-	325,420	169,635	-	-	169,635		
Electricity	2,358,535	94,941	-	2,453,476	1,636,252	-	-	1,636,252		
Water	1,810,521	280,763	-	2,091,284	787,854	-	-	787,854		
Local Economic Development	133,899	-	-	133,899	130,936	-	-	130,936		
Human Resources and IDP	76,229	-	-	76,229	54,305	-	-	54,305		
NET TOTAL	254,303,420	18,777,737	-	273,081,157	65,850,315	-	-	65,850,315		



PIXLEY KA SEME LOCAL MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2010

COST				ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions	Disposals/Transfers	Closing Balance	Opening Balance	Additions	Disposals	
Executive and Council	2,369,754	182,586	-	2,552,340	1,570,253	-	-	1,570,253
Finance and Admin.	2,646,491	-	-	2,646,491	2,699,392	-	-	2,699,392
Planning and Development	49,105,546	-	-	49,105,546	15,704,719	-	-	15,704,719
Health	16,611	-	-	16,611	16,611	-	-	16,611
Community and Social services	1,103,779	-	-	1,103,779	1,032,729	-	-	1,032,729
Building and Property	34,844,922	2,108,497	-	36,953,419	6,329,400	-	-	6,329,400
Public Safety	2,530,221	-	-	2,530,221	2,108,168	-	-	2,108,168
Sport and Recreation	2,275,164	276,077	-	2,551,241	1,463,661	-	-	1,463,661
Waste Management	29,692,392	8,220,867	-	37,913,259	10,435,760	-	-	10,435,760
Water	50,896,077	2,054,741	-	52,950,818	13,822,866	-	-	13,822,866
Electricity	74,181,100	94,941	-	74,276,041	20,522,802	-	-	20,522,802
Other	4,485,680	5,840,028	-	10,325,708	1,039,486	-	-	1,039,486
TOTAL	255,293,739	18,777,737	-	274,071,476	76,084,980	-	-	76,084,980

PIXLEY KA SEME LOCAL MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

2009 ACTUAL INCOME	2009 ACTUAL EXPENDITURE	2009 SURPLUS / (DEFICIT)		2010 ACTUAL INCOME	2010 ACTUAL EXPENDITURE	2010 SURPLUS / (DEFICIT)
				R	R	R
40,859,037	10,441,738	30,417,299	Executive and Council	53,542,971	11,628,741	41,914,230
13,178,246	6,603,783	6,574,463	Finance and Admin.	19,0522,277	13,056,497	5,995,781
-	53,505	(53,505)	Planning and Development	-	1,868,445	(1,868,445)
352,424	3,637,553	(3,285,129)	Community and Social Services	431,126	3,710,785	(3,279,659)
416,513	8,551,381	(8,134,868)	Public Safety	181,930	7,986,754	(7804,824)
36,092	3,021,156	(2,985,064)	Sport and Recreation	19,384	3,348,214	(3,328,831)
1,142,930	4,712,070	(3,569,140)	Waste Management	5,645,060	5,656,829	(11,770)
7,406,648	5,205,376	2,201,272	Waste Water Management	7,896,927	4,275,400	3,621,528
14,380	10,854,154	(10,839,774)	Road Transport	54,543	12,480,353	(12,425,810)
8,271,301	6,793,932	1,477,369	Water	10,225,880	5,706,544	4,519,336
15,950,514	20,434,106	(4,483,592)	Electricity	26,368,064	23,082,221	3,285,843
1,299,015	12,739,127	(11,440,112)	Other	3,033,008	16,614,093	13,581,085
-	-	-	Bad Debts	0	0	0
99,227,100	93,047,881	6,179,219	Sub-total	126,451,169	109,414,877	17,036,293
-	-	-	Less: Inter Departmental Charges			
-	-	-	Less: Amortised cost adjustment			
99,227,100	93,047,881	6,179,219	TOTAL	126,451,169	109,414,877	17,036,293



PIXLEY KA SEME LOCAL MUNICIPALITY

APPENDIX E(1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	2010 ACTUAL R	2010 BUDGET R	2010 VARIANCE R	2010 VARIANCE %	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS BUDGET
REVENUE					
Property rates	10,992,957	13,101,600	2,108,643	16,1	
Service charges	49,925,814	44,003,278	(5,922,536)	(13,5)	
Rental of facilities and equipment	273,652	481,820	208,168	43,2	
Interest earned -external investments	8,046,629	8,880,000	83,371	93,8	
Interest earned -outstanding debtors	-	-	-	-	
Fines	191,969	450,000	258,031	57,3	
Licences and permits	2,705,749	2,603,590	(102,159)	(3,9)	
Government grants and subsidies	53,836,664	53,836,000	(664)	(123,3)	
Other income	666,491	29,336,985	28,670,494	97,7	
Amortised cost adjustment					
TOTAL REVENUE	126,639,925	152,693,273	26,053,348	17,1	
EXPENDITURE					
Employee related costs	48,983,196	50,535,160	1,551,964	3,1	
Remuneration of Councillors	7,047,073	5,090,466	(1,956,607)	(38,4)	
Bad debts (provision)	0	0	0	-	
Depreciation	0	12,470,057	12,470,9570	100	
Repairs and maintenance	12,337,444	12,925,062	587,618	4,5	
Interest on external borrowings	0	0	0	-	
Bulk purchases	16,611,541	15,294,767	(1,316,774)	(8,6)	
Contracted services	2,849,018	4,402,740	1,553,722	35,3	
General expenses -other	21,583,865	51,421,062	29,837,197	58,0	
TOTAL EXPENDITURE	109,412,137	152,139,314	42,727,177	28,1	
NET SURPLUS/(DEFICIT) FOR THE YEAR	17,227,788	553,959	(16,673,829)		



PIXLEY KA SEME LOCAL MUNICIPALITY

APPENDIX E(2)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

2010 ACTUAL	2010 UNDER CONSTRUCTI ON	2010 TOTAL ADDITIONS	2010 BUDGET	2010 VARIANC E	%	
		R	R	R		
Land and Buildings	2,016,699	1,000,000	-	3,000,000		-
Land	-	-	-	-		-
Buildings	2,016,699	1,000,000	-	3,000,000	-	-
INFRASTRUCTURE	14,717,292	4,300,000	-	29,313,081		-
Cemetery	-	-	-	-		-
Library	-	-	-	-		-
Community Services	-	-	-	-		-
Licences	-	-	-	-		-
Building and Property	-	-	-	-		-
Public Works	4,441,684	-	-	7,995,000		-
Refuse	-	-	-	-		-
Sewerage	8,220,867	4,300,000	-	16,993,061		-
Electricity	-	-	-	-		-
Water	2,054,741	-	-	4,325,000		-
COMMUNITY ASSETS	-	-	-	-		-
Cemetery	-	-	-	-		-
Clinic Services	-	-	-	-		-
Library	-	-	-	-		-
Building and Property	-	-	-	-		-
Public Works	-	-	-	-		-
Parks and Recreation	-	-	-	-		-
Swimming Pool Facilities	-	-	-	-		-
Mechanical Workshop	-	-	-	-		-
Water	-	-	-	-		-
OTHER ASSETS	2,043,746	-	-	6,595,000		-
Cemetery	-	-	-	-		-
Community Services	-	-	-	-		-
Library	-	-	-	-		-
Fire Brigade	-	-	-	-		-
Disaster Management	-	-	-	-		-
Clinic Services	-	-	-	-		-
Licences	-	-	-	-		-
Building and Property	91,798	-	-	900,000		-
Public Works	965,000	-	-	1,200,000		-
Parks and Recreation	276,077	-	-	300,000		-
Council's General Account	182,586	-	-	230,000		-
Refuse	-	-	-	-		-
Sewerage	-	-	-	-		-
Municipal Manager	-	-	-	-		-
Corporate Services	-	-	-	-		-
Financial Services	-	-	-	-		-
Stores and Material	-	-	-	-		-
Technical Services	152,581	-	-	-		-
Town Hall	-	-	-	-		-
Swimming Pool Facilities	-	-	-	-		-
Traffic Protection Services	-	-	-	-		-
Mechanical Workshop	-	-	-	-		-
Electricity	84,941	-	-	685,000		-
Water	280,763	-	-	1,280,000		-
Local Economic Development	-	-	-	2,000,000		-
Human Resources and IDP	-	-	-	-		-
NET TOTAL	18,777,737	5,300,000	-	38,908,081		-



PIXLEY KASEME LOCAL MUNICIPALITY

PIXLEY KA SEME LOCAL MUNICIPALITY APPENDIX F DISCLOSURE OF GRANTS AND SUBSIDIES IN TERM OF SECTION 123 OF MFMA 56 QE 2010